UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

OFFICE OF AIR AND RADIATION

Climate Protection Partnerships Division
U.S. EPA 6202J
Washington, DC 20460

Summer 2002

Dear ENERGY STAR Partners, Beta Test Participants, and Colleagues:

As you may know, the U.S. Environmental Protection Agency launched the national energy performance rating system for acute care and children's hospitals last November. If you participated in the beta test leading up to this launch, we want to thank you for participating and hope that you will continue to use the rating system to measure and track the energy performance of your facilities. To date, ***over 400*** healthcare engineers, operations directors, and others have visited the tool. Given its growing acceptance, EPA's national energy performance rating system is fast becoming the miles-per-gallon equivalent for buildings in the hospital sector.

Attached you will find a summary report describing the outcome of hospitals that have benchmarked from the beta test last year through the end of the Second Quarter 2002. The report also provides next steps on how to use a performance rating when deciding new opportunities for investment, operations adjustments, or publicity for your facility. Because the online tool is confidential, no hospitals are listed by name and no specific information is available, with the exception of the first hospitals to earn the ENERGY STAR label.

To open your account or to access an established account, visit www.energystar.gov/benchmark. Please contact Jean Hand (jeanhand@icfconsulting.com) or Bob La Rose (robertlarose@icfconsulting.com) of the ENERGY STAR Healthcare team to answer your questions about obtaining an energy performance rating.

I hope that you will find value in this resource and incorporate it into your current energy management practices.

Sincerely,

Clark A. Reed
National Healthcare Manager, ENERGY STAR

National Energy Performance Rating System
for
Acute care and Children's Hospitals

Hospital Performance Summary

The national energy performance rating system uses a 1 – 100 scale to give relative meaning to energy use. Hospitals rating high on the scale are considered to be better energy performers (lower energy use) than those with low ratings (higher energy use). A rating of (50) is defined as the industry average. Hospitals that score (75) or higher are in the top quartile of energy performance among hospitals nationwide and can apply for the ENERGY STAR award.

The table below describes the one hundred sixty-one hospital campuses benchmarked through the end of June 2002. These campuses range from multiple-building campuses, to single-building hospitals.

National Hospital Benchmark Score Summary		
Number of hospitals benchmarked	**161**	
100 ↑ Number scoring between 75 and 100	54	*Apply for the ENERGY STAR*
50 ↕ Number scoring between 50 and 74	46	*Fine Tune O&M procedures*
Number scoring between 25 and 49	29	*Greatest opportunities for investment and returns*
1 ↓ Number scoring between 1 and 24	32	*Greatest opportunities for investment and returns*
Average rating of those benchmarked	56.7	

Facilities that benchmarked classified themselves as "for-profit", "non-profit", or "governmental".

Ownership Types of Hospital Benchmark Participants	
Non-profit	**124**
For-profit	**30**
Governmental	**7**
Total	***161***

Use the Rating to *Your* Advantage

The ratings generated as a result of benchmarking can help you to develop or supplement your energy management strategy. This information can lead to smart investment decisions and allow you to maximize your energy and financial savings.

Ratings are categorized into the following three groups:

- Greatest Opportunities for Investments and Returns
- Fine Tune Operations and Maintenance procedures
- ENERGY STAR

Although the national energy performance rating system does not identify specific buildings on your campus to upgrade or prescribe specific actions to increase performance (that's better left to energy auditors and other professionals), the ratings can provide general recommendations.

Take the Next Step

Low ratings (1-49) - Greatest opportunities for investments
Hospitals in this category have the most attractive returns for capital investments. Look for opportunities to upgrade lighting and other significant energy using systems, including system coordination. Renewing the commitment of senior executives to energy management will be an important component to your strategy.

Middle ratings (50-74) - Fine tune O&M
Hospitals with mid-range benchmarks should consider low- or no-cost activities such as re-commissioning campus buildings, developing and implementing preventative maintenance plans, increasing employee training, or re-assessing incentive, recognition, and reward systems to ensure that they drive energy performance down. Often, these relatively low-cost efforts can turn these facilities into "top performers".

High ratings (75-100) - Reward and Learn
Hospitals within this range are among the highest energy performers in the country and may be eligible to receive the ENERGY STAR label award. To apply, a professional engineer must verify the data and eligibility requirements and confirm that indoor air quality meets industry standards. For more information, see the *Professional Engineer's Guide to the ENERGY STAR Label for Buildings.*

ENERGY STAR Tools and Resources Can Help Improve Energy Performance

Determine the Potential Impact on Your Bottom Line

ENERGY STAR offers tools and resources to help you prioritize and better understand the financial return on your energy investments. One example is the **financial value calculator (FVC)**. The FVC can help non-profit and for-profit organizations to estimate what energy savings can mean for your hospital's financial value. Using this tool will allow you to quantify and communicate the value of energy efficiency in terms of *internal rate of return (IRR), simple payback, and estimated increase in market value.* For profit-driven hospitals, the FVC helps make the case by stating

energy investments in terms of *earnings per share* and *shareholder value*. The FVC is easy to use and requires only the following two inputs (or five if a for-profit).

Financial Value Calculator Inputs
• Total utility bill
• Commercial building floor space
For-profits • Total outstanding common shares • Earnings per share • Price/earnings ratio

With this information, the FVC can help you to better understand how investments in energy efficiency will affect the bottom line value of your hospital.

Financial Value Calculator Functions
• Intuitive, easy-to-use, and ready for quick estimates and energy investment calculations
• Estimates your hospital's potential added *market value*
• Links financial return to the initial investment

Features of the FVC tool help operations managers:

- *Quickly* compare potential investments;
- *Readily* used on the desktop in an Excel-based spreadsheet;
- *Simply* demonstrates upgrade opportunities to a financial audience;
- *Easily* promotes line-item investments in a multi-year, organization-wide efficiency program.

CFOs can use the FVC tool to:

- Link energy performance to the bottom line, market value, and profit margin;
- Better understand the benefits of investments made to improve energy performance.

Download the FVC now.

Identify the Technologies That Can Make the Improvements

A resource that can help you plan a technical implementation strategy is **ENERGY STAR'S Building Manual.** The Building Manual provides guidance on how to approach building upgrades so that you maximize financial and energy savings with each investment. The manual offers introductory level assistance on the following topics:

- Building tune-ups
- Lighting system upgrades
- Other load reductions
- Fan systems
- Heating and cooling systems

Download the Building Manual now.

Create a Plan to Map the Way

Developing and committing to an **energy management strategy** can help you improve energy performance and achieve sustained energy efficiency. As you develop a written energy management strategy, the following items should be addressed:

- Baseline data analysis
- Energy management team
- Corporate mission related to energy
- Measurable short- and long-term goals
- Specific areas for improvement and technologies to be used
- Staff education and participation
- Energy procurement strategy
- Purchasing strategy for energy-efficient equipment and technologies

To be successful, it will be important to obtain buy-in from senior management and key staff. These key players would:

- Agree to the overall vision and goals established by the plan
- Approve and sign the written plan
- Assign responsibility and give authority to appropriate personnel
- Allocate funding to specified project

Promote Your Accomplishments

Look for the ENERGY STAR

Your "Top Performers" (hospitals that score 75 or higher), are eligible for the **ENERGY STAR**, a bronze plaque that demonstrates your environmental leadership to patients, employees, and the community. To apply, follow these steps:

Step 1. Generate and print the Statement of Energy Performance (SEP) from the Portfolio Manager and benchmarking tool.

Step 2. Have the SEP verified and signed by a licensed building professional engineer within your state. You may select any PE you wish. To help get you started, a listing of PEs that provide this service can be found on the ENERGY STAR Web site.

Step 3. Generate, print, and sign the one-page letter of agreement that is provided within Portfolio Manager.

Step 4. **Fax** (202-565-2083) the signed SEP and letter of agreement to Ms. Natarsha Valentine at the US Environmental Protection Agency.

Application processing takes approximately three weeks. If qualified, a bronze ENERGY STAR plaque will be sent to the address listed in your online account.

Once you have received the ENERGY STAR label, your hospital will be listed in the on-line **Registry of ENERGY STAR Buildings**. This automatic Registry will include your building name and address, and requires no action from you.

Join the ENERGY STAR Partnership

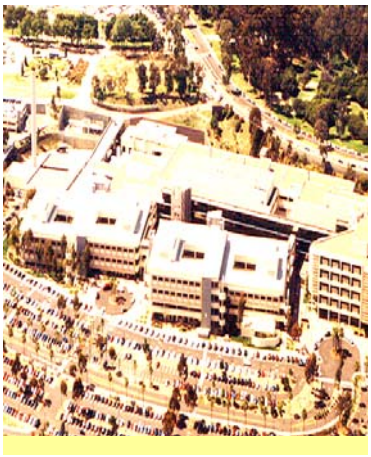
ENERGY STAR is a free voluntary partnership sponsored by the U.S. Environmental Protection Agency. We help hospitals save money and energy while reducing pollution associated with the production of energy. As a partner, you will receive technical assistance from our staff, public relations opportunities for your hospital, and access to tools and resources that will help increase the energy performance of your facility. It's easy. To learn more, visit www.energystar.gov. To join, simply download, fill-in, and mail a partnership letter to EPA.

Read about the first ENERGY STAR hospitals below.

First ENERGY STAR Hospitals

Memorial Hospital of Carbondale
405 W. Jackson St.
Carbondale, IL 62901
Contact: Tom Stewart, Director of Facilities, 618-549-0721

Memorial Hospital of Carbondale Press Release:
Memorial Hospital of Carbondale Earns High Honor From EPA



Naval Medical Center San Diego
34580 Powerhouse Rd.
San Diego, CA 92134
Contact: Kevin Kreidy, Lt. Cmdr., Dept Head - Facilities Management, 619-532-6125

Saint Joseph's Medical Center
127 S. Broadway
Yonkers, NY 10701
Contact: Anthony Annunziata, 914-730-4004